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Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

Bankruptcy Case No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

**DEBTORS' STATUS CONFERENCE
STATEMENT**

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric Company
- ☒ Affects both Debtors

Date: September 24, 2019
Time: 9:30 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

1 PG&E Corporation and Pacific Gas and Electric Company, as debtors and debtors in
2 possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-captioned chapter 11 cases, hereby
3 submit this statement in connection with the status conference to be held on September 24, 2019, and
4 in reply to the *Status Conference Statement of the Official Committee of Tort Claimants*, filed on
5 September 18, 2019 [Dkt. No. 3931].

6 On September 9, 2019, the Debtors filed their *Joint Chapter 11 Plan of Reorganization*
7 [Docket No. 3841]. The filing of the Plan was an important step in the process toward compensating
8 wildfire victims and emerging from Chapter 11 by June 30, 2020, as required under AB 1054 for
9 PG&E’s participation in California’s newly-established wildfire insurance fund. The Debtors’ Plan is
10 confirmable, it complies with the Bankruptcy Code, and it satisfies the requirements of AB 1054.

11 Since filing the Plan, the Debtors have continued to make significant progress in these
12 cases. On September 13, 2019, the Debtors announced an agreement in principle with the Ad Hoc
13 Group of Subrogation Claim holders, which represents holders of approximately 85% of the insurance
14 subrogation claims related to the 2017 and 2018 Northern California Wildfires (the “**Wildfires**”), to
15 resolve their claims pursuant to the Plan for the aggregate amount of \$11 billion. Over this past
16 weekend, the Debtors executed definitive settlement documentation with the subrogation claim
17 holders, and this morning the Debtors filed the Debtors’ *First Amended Joint Chapter 11 Plan of*
18 *Reorganization* [Dkt. No. 3966] (the “**First Amended Plan**”), which incorporates that settlement. The
19 agreement with the subrogation claim holders follows the June 19, 2019, settlement between the
20 Debtors and 18 public entities in the areas affected by the Wildfires to resolve their claims for a total
21 of \$1 billion, also to be implemented pursuant to the First Amended Plan. The Debtors remain
22 committed to working with the TCC and the individual wildfire claimants to fairly and reasonably
23 resolve their claims and, as the Court is aware, estimation proceedings concerning those claims are
24 now taking place in the District Court.

25 The Debtors also announced this morning that they have received aggregate equity
26 commitments in excess of their \$14 billion target amount from a broad array of investors, including
27 current shareholders. (See Sept. 23 Press Release, attached hereto as Exhibit A.) Those equity
28

1 commitments will serve as the foundation for the equity portion of PG&E's exit financing package
2 that will fund the First Amended Plan and PG&E's successful emergence from Chapter 11.

3 The purpose of the September 24 status conference, as this Court explained at the
4 hearing on August 27, is to address procedural matters associated with the Debtors' Plan. (*See* Aug. 27
5 Hr'g Tr. at 166:19-24 ("I'm not inviting anybody to do anything. I'm sure those who want to take
6 [the Debtors' plan] and criticize it can do so, but at our follow-up status conference my intention then
7 will be to hear where we go from there in terms of procedural settings").) This Court further indicated
8 that it would not expect any filings in connection with this status conference (*id.* at 126:5) and also
9 stated: "And I know you're going to want to ask to deal with the exclusivity issue. I wouldn't worry
10 about that for now. If [the Debtors] file the plan in the manner that we have discussed, [they]'ve met
11 that benchmark, and that triggers [their] next grace period under the statute." (*Id.* at 167:5-9 .)

12 As the Court is aware, on September 19, the Ad Hoc Committee of Senior Unsecured
13 Noteholders (the "**Ad Hoc Committee**") led by Elliott Management Corporation, and the Official
14 Committee of Tort Claimants (the "**TCC**") filed a joint motion to terminate the Debtors' exclusivity
15 periods (the "**Second Exclusivity Motion**") so that they may file an alternative plan of reorganization
16 (the "**Elliott Plan**"). [Dkt. No. 3940.] The Second Exclusivity Motion also includes the TCC new
17 contention that the fire claims are "valued at \$24 billion" in the aggregate [Dkt. No. 3941 at 2], down
18 \$30 billion from the TCC's previous unsupported assertion that the value of those claims "exceed[s]
19 \$54 billion" [Dkt. No. 2855 at 19]. This Court declined those parties' request to have the Second
20 Exclusivity Motion heard at tomorrow's status conference, however, explaining that there "is simply
21 not enough time for the court to study and understand the details of the request and opposition, nor for
22 the Debtors to prepare a meaningful response." [Dkt. No. 3947 at 2.] The Court instead scheduled a
23 hearing on the Second Exclusivity Motion for October 8, 2019.

24 The Debtors will address the fundamental flaws with the Elliott Plan at the appropriate
25 time. As the Court has made clear, the September 24 status conference on the Debtors' Plan is not an
26 appropriate forum for addressing the Elliott Plan or the Second Exclusivity Motion, which are
27 scheduled to be heard on October 8.

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1 Dated: September 23, 2019

2 **WEIL, GOTSHAL & MANGES LLP**
3 **CRAVATH, SWAINE & MOORE LLP**
4 **KELLER & BENVENUTTI LLP**

5 /s/ Stephen Karotkin

6 Stephen Karotkin

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8 *Attorneys for Debtors and Debtors in Possession*
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